

7 May 1974

Mr. Soko Furugen, Mayor
Yomitan-son
Okinawa Prefecture
Japan

Dear Mayor Furugen:

This replies to your memorandum No. 8-8-20--1-2-1 of 20 August 1973 requesting payment of Municipal Resident Tax and Prefectural Resident Tax by employees of the Okinawa Bureau, FBIS/USFJ.

As you know, it was the understanding of this office that agreements between the government of Japan and the United States exempted the employees of each from taxation on a reciprocal basis. We therefore forwarded your request to Washington for a legal ruling. After consultations, our two governments have agreed that the exemption from Japanese taxation applies to American employees of FBIS/USFJ but that Third State Nationals of this office should be subject to payment of Japanese taxes.


In compliance with this agreement, we have instructed our Third State National employees to begin payment to the Yomitan Mayor's Office of municipal and prefectural taxes.

Since payment of these taxes on a retroactive basis would impose a heavy financial burden on our employees, and since the United States Government by law cannot reimburse employees for taxes paid to foreign governments, it is respectfully requested that the tax liability in question be made effective with the current tax year beginning 1 January 1974.

Representatives of U.S. Forces Japan have informed the Government of Japan through the SOFA Joint Committee that Third State National employees of Okinawa Bureau, FBIS/USFJ, will begin paying Japanese income taxes effective 12 May.

I regret the delay in responding to your request but feel sure you will understand the reasons therefor. As always, I look forward to continued close cooperation with you and your office on all matters of mutual concern.

Sincerely,


Chief, Okinawa Bureau, FBIS/USFJ

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